



State of California—Health and Human Services Agency
Department of Health Care Services



Date: January 10, 2020

PPL No. 20-004

To: Local Educational Agencies (LEAs)

Subject: NOTIFICATION OF STATE PLAN AMENDMENT (SPA) 15-021
REQUIREMENTS IN FISCAL YEAR (FY) 2019-20 FOR LOCAL
EDUCATIONAL AGENCY PROVIDERS

This Policy and Procedure Letter (PPL) notifies LEA providers participating in the LEA Medi-Cal Billing Option Program (BOP) of SPA 15-021 requirements that will be effective for FY 2019-20. This PPL does not provide information on requirements for services rendered between the SPA effective date, July 1, 2015, and June 30, 2019, since those requirements are currently being negotiated with the Centers for Medicare and Medicaid Services (CMS). A separate PPL will be issued to address the retrospective FY 2015-16 through FY 2018-19 requirements.

As of this PPL's publication date, CMS has not yet approved California SPA 15-021. As part of the SPA review process, CMS and Department of Health Care Services (DHCS) have agreed on several factors that will impact the cost settlement of FY 2019-20 allowable costs. LEAs should be aware of requirements in the following three areas:

FY 2019-20: Billing for New Services and Practitioners:

LEA providers will have the opportunity to bill for newly covered services and newly qualified practitioners once SPA 15-021 is approved and the California Medicaid Management Information System (the system that processes LEA claims) has been updated to accept new procedure codes and modifiers. Accordingly, LEA providers should document services and plan to submit claims that meet LEA BOP requirements for the new services and new practitioners when DHCS provides notification to LEA providers that the system updates have been made. Rates and procedure codes/modifiers for new services and new practitioners will be published by DHCS upon SPA approval. As noted above, guidance regarding billing for services rendered in the retrospective fiscal years (FY 2015-16 through FY 2018-19) will be forthcoming from DHCS upon SPA approval.

FY 2019-20: Specialized Medical Transportation Services:

DHCS and CMS have agreed that cost settlement for specialized medical transportation services will begin as of July 1, 2019. **Specialized medical transportation reimbursement provided to LEA providers between July 1, 2015 through June 30, 2019 will be considered final settlement and not included on the cost report.** If your LEA provider has billed for students with an Individualized Education Plan (IEP) or Individualized Family Service Plan (IFSP) that receive specialized medical transportation services in FY 2019-20, your LEA provider will be required to report specialized medical transportation costs, the Medicaid One-Way Trip Ratio, and interim reimbursement for specialized medical transportation services on the FY 2019-20 Cost and Reimbursement Comparison Schedule (CRCS). If your LEA will not bill for specialized medical transportation services in FY 2019-20, you are not impacted by these requirements.

Detail on specialized medical transportation costs and the Medicaid One-Way Trip Ratio follows:

Specialized Medical Transportation Costs

The FY 2019-20 CRCS will be modified to include worksheets to report specialized medical transportation service costs. These specialized medical transportation costs must be captured and maintained by your LEA within their accounting structure. ***CMS has indicated that it is unallowable to report general transportation costs and to allocate a portion of those costs to specialized medical transportation on the CRCS.*** For the CRCS with dates of service in FY 2019-20 and thereafter, allowable specialized medical transportation costs will include:

- 1) Personnel costs, limited to the following staff that provide or support specialized medical transportation services:
 - Bus Drivers
 - Attendants
 - Mechanics
 - Substitute Drivers
- 2) Other allowable specialized medical transportation costs limited to:
 - Lease/Rental costs
 - Insurance costs
 - Maintenance and Repair costs
 - Fuel and Oil costs
 - Contracted Services - Specialized Transportation Services and Specialized Transportation Equipment cost

- 3) Allowable depreciation expense for specialized medical transportation equipment costing in excess of \$5,000 (depreciation must be calculated using straight-line depreciation).

Medicaid One-Way Trip Ratio

The FY 2019-20 CRCS will include an input of the LEA's Medicaid One-Way Trip Ratio for the fiscal year. The ratio must be calculated using actual student counts. CMS will not accept counts as of a snapshot date, or estimated counts, such as an average. The Medicaid One-Way Trip Ratio is calculated as follows:

Total Number of Paid Medi-Cal IEP/IFSP One-Way Trips (numerator)

Report the total number of paid one-way trips for Medicaid eligible IEP/IFSP students. This number may be obtained from a DHCS provided paid claims data report for the fiscal year.

Total Number of All IEP/IFSP One-Way Trips (denominator)

Report the total number of specialized medical transportation one-way trips during the cost reporting period for all students (i.e., Medi-Cal and non-Medi-Cal) whose IEP/IFSP requires specialized medical transportation services. This trip count should include all trips for students riding specialized vehicles regardless if a medical service was provided on the same day to ensure proper cost allocation. Special education students riding on busses transporting general education students must not be included in this denominator.

Effective for FY 2019-20 and thereafter, the One-Way Trip Ratio will be applied to the specialized medical transportation costs (identified above) to calculate the Medi-Cal allowable specialized transportation costs on the CRCS.

Example for Calculating the Specialized Medical Transportation Costs:

Total Number of Paid Medi-Cal IEP/IFSP One-Way Trips	A	3,100
Total Number of All IEP/IFSP One-Way Trips	B	16,200
Medicaid One-Way Trip Ratio	$C = A/B$	19%
LEA SPECIALIZED transportation costs	D	\$100,000
Total Allowable Specialized Transportation Costs	$E = D * C$	\$19,136

The total allowable specialized transportation costs will be reported on the CRCS to apportion costs to LEA BOP for the fiscal year.

FY 2019-20: Medicaid Eligibility Rate:

SPA 15-021 requires that LEA providers apply a fiscal year-specific Medicaid Eligibility Ratio (MER) to apportion their costs to LEA BOP. The MER will be established for each participating LEA provider on an annual basis, using the annual California Basic Educational Data System (CBEDS) Information Day, known as the Census Day.

For FY 2019-20, the Census Day was October 2, 2019. The FY 2019-20 certified enrollment data collected on the Census Day will be used as the **denominator** in each LEA provider's MER calculation. The total Medi-Cal Eligible Student population is the **numerator** in the MER. The total Medi-Cal Eligible Student population will be obtained through a DHCS approved method to verify Medi-Cal eligibility on a specific date (see the LEA Provider Manual, section *loc ed elig* for additional details). DHCS will provide guidance to LEA providers on how to determine the total number of Medi-Cal Eligible Students. The MER will be calculated as follows:

Total Number of Medi-Cal Eligible Students in the LEA (numerator)

Report the unduplicated count of Medi-Cal eligible and enrolled students as of the DHCS identified date. The number of Medi-Cal eligible students will be determined based on the Medi-Cal Data Tape Match, used to check Medi-Cal student eligibility. DHCS will provide guidance to LEA providers on how to determine the total number of Medi-Cal eligible students.

Total Number of Students Enrolled in the LEA (denominator)

Report the unduplicated count of all students enrolled in the LEA. The LEA provider's certified enrollment count collected on the Census Day will be used as the denominator.

Example for Calculating the Medicaid Eligibility Rate:

Total Number of Medi-Cal Eligible Students in the LEA (Based upon the certified enrollment count collected on the Census Day)	A	20,900
Total Number of Students Enrolled in the LEA (Based upon the certified enrollment count collected on the Census Day)	B	95,000
Medicaid Eligibility Rate	C = A/B	22%

The MER will be applied to the LEA's total direct medical services costs reported on the CRCS to apportion costs to LEA BOP for the fiscal year.

Nothing stated in this PPL shall supersede any state or federal regulations or statutes.

If you have any questions concerning this PPL, please contact LEA BOP by e-mail at LEA@dhcs.ca.gov.

Sincerely,

ORIGINALLY SIGNED BY RICK RECORD

Rick Record, Chief
Local Educational Agency Medi-Cal Billing Option Program